FRM® Part II 2017 -2018 Changes

FinTree
Finance: "Training, Research, Education, Excellence"

Market Risk Measurement and Management (25%)

Additions	Deletions	Updates
None	None	As below

Updates:

Previous Version	Updated Version
John C. Hull, Options, Futures, and Other Derivatives, 9th Edition (New York, NY: Pearson, 2014).	John C. Hull, Options, Futures, and Other Derivatives, 10th Edition (New York, NY: Pearson, 2017).
– Chapter 9. OIS Discounting, Credit Issues, and Funding Costs – Chapter 20. Volatility Smiles	– Chapter 20. Volatility Smiles

Credit Risk Measurement and Management (25%)

Additions	Deletions	Updates
None	None	As below

Updates:

Previous Version	Updated Version
Jon Gregory, Counterparty Credit Risk and Credit Value Adjustment: A Continuing Challenge for Global Financial Markets, 2nd Edition (West Sussex, UK: John Wiley & Sons, 2012)	Jon Gregory, The xVA Challenge: Counterparty Credit Risk, Funding, Collateral, and Capital, 3rd Edition (West Sussex, UK: John Wiley & Sons, 2015)
– Chapter 3. Defining Counterparty Credit Risk – Chapter 4. Netting, Compression, Resets, and Termination Features – Chapter 5. Collateral – Chapter 7. Central Counterparties – Chapter 8. Credit Exposure – Chapter 10. Default Probability, Credit Spreads, and Credit Derivatives – Chapter 12. Credit Value Adjustment – Chapter 15. Wrong-Way Risk	– Chapter 4. Counterparty Risk – Chapter 5. Netting, Close-out and Related Aspects – Chapter 6. Collateral – Chapter 7. Credit Exposure and Funding – Chapter 9. Counterparty Risk Intermediation – Chapter 12. Default Probabilities, Credit Spreads, and Funding Costs – Chapter 14. Credit and Debt Value Adjustments – Chapter 17. Wrong-way Risk

Operational and Integrated Risk Management (25%)

Additions	Deletions	Updates
"Sound management of risks related to money laundering and financing of terrorism," (Basel Committee on Banking Supervision, June 2017). (Pages 1—32 only)	None	None

Risk Management and Investment Management (15%)

Additions	Deletions	Updates
None	None	**As below**

Updates:

Previous Version	Updated Version
Kevin R. Mirabile, Hedge Fund Investing: A Practical Approach to Understanding Investor Motivation, Manager Profits, and Fund Performance (Hoboken, NJ: Wiley Finance, 2013)	Kevin R. Mirabile, Hedge Fund Investing: A Practical Approach to Understanding Investor Motivation, Manager Profits, and Fund Performance, 2nd Edition (Hoboken, NJ: Wiley Finance, 2016)
– Chapter 11. Performing Due Diligence on Specific Managers and Funds	– Chapter 12. Performing Due Diligence on Specific Managers and Funds

Current Issues in Financial Markets (10%)

Additions	Deletions	Updates
1. Cohen, Benjamin H. and Gerald A. Edwards, Jr., “The new era of expected credit loss provisioning,” BIS Quarterly Review, March 20, 2017. 2. Varian, Hal, “Big Data: New Tricks for Econometrics,” Journal of Economic Perspectives 28:2 (Spring 2014), 3-28. 3. van Liebergen, Bart, “Machine Learning: A Revolution in Risk Management and Compliance?” Institute of International Finance, April 2017. 4. Cont, Rama, “Central clearing and risk transformation,” Norges Bank Research, March 2017. 5. Song Shin, Hyun, “The bank/capital markets nexus goes global,” BIS Quarterly Review, November 2016. 6. “FinTech credit: Market structure, business models and financial stability implications.” BIS—Committee on Global Financial Systems, May 2017. 7. 7. Lo, Andrew W., “The Gordon Gekko Effect: The Role of Culture in the Financial Industry,” Federal Reserve Bank of New York Economic Policy Review, 22:1 (August 2016).	All previous readings	None